

Asia week ahead: Is a technical recession lurking?

Some Asian economies are already showing signs that a 'technical recession' may be around the corner, but low inflation gives central banks some room to avert one. But aside from that, April economic data should provide a glimpse of where GDP growth and inflation are headed in the second quarter



Source: Shutterstock

➔ Is a 'technical recession' lurking?

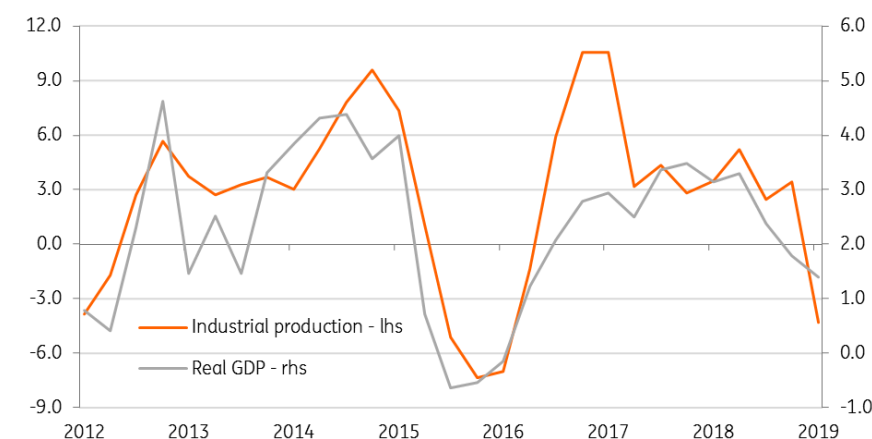
1Q19 GDP reporting season is catching up with more Asian countries reporting data next week.

Aside from China, the slowdown in Asian economies gained traction in the first quarter of the year. China's GDP growth was steady, thanks to the fiscal stimulus, but Korea and Singapore posted sharp growth slowdowns in 1Q19, and the countries reporting next week – Hong Kong and Taiwan – are likely to join this camp too.

The critical question is whether a recession is around the corner. Korea was the first in Asia to report quarterly GDP contraction in 1Q19. Taiwan could follow suit, judging by a steep fall in its manufacturing in the last quarter. As things stand now, we can't rule out another quarter of GDP contraction in 2Q, and after today's GDP numbers from Korea, we think a 'technical recession' is quite plausible.

[Read why the biggest quarterly contraction in Korea GDP is bad news](#)

Taiwan's manufacturing is dragging GDP lower (% YoY)



Source: Bloomberg, ING

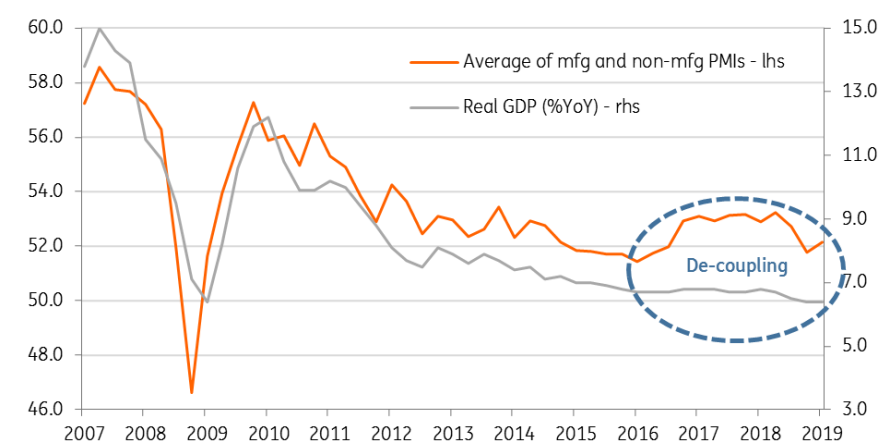
➔ April data should give a glimpse of 2Q growth

April trade data and purchasing managers' index should provide a glimpse of where GDP growth is headed in 2Q. Preliminary manufacturing PMIs from developed countries bode well for those due from Asia next week. The export order components of PMI will be judged for the trade story, which doesn't seem to be getting any better though.

Chinese data will be under scrutiny to see if the economy's better-than-expected performance in the first quarter was a blip and if the slowdown has been delayed. This may be hard to judge from soft data like PMIs, given its de-coupling from real GDP growth in recent years. But it's still a key sentiment driver for markets. A slight improvement as implied by consensus forecasts for both manufacturing and non-manufacturing PMI will be good enough to put a positive spin on China's growth story.

Korea is the first economy in the region, and probably the world, to release trade figures for April, and should prove to be a good guide to trade from the rest of the region. We see no respite from the falling trend in Korean exports which have been reeling under the global tech slump.

China: De-coupling of PMI and GDP growth



Source: Bloomberg, ING

➔ Low inflation allows for more policy support

Korea also reports consumer price data for April along with Indonesia and Thailand.

Aside from the upward pressure on global oil prices, there is nothing to worry about inflation in Asia. And an oil-driven rise in inflation isn't something we expect to see in an environment of slowing growth. But the current low level of inflation across the region does give central banks the scope if needed to ease policies to support growth.

Asia Economic Calendar

Country	Time*	Data/event	ING	Survey	Prev.
Saturday 27 April					
China	0230	Mar Industrial Profits (YoY%, YTD)	-	-	-1.9
Monday 29 April					
Hong Kong	0930	Mar Exports (YoY%)	-2.6	-	-6.9
	0930	Mar Imports (YoY%)	-1.4	-	-3.8
	0930	Mar Trade Balance (HK\$ bn)	-58.5	-	-48.8
Thailand	-	Mar Manufacturing Index (YoY%)	-3.5	-	-1.6
South Korea	2200	May BOK Business Survey Index, mfg	74.0	-	76.0
	2200	May BOK Business Survey Index, non-mfg	75.0	-	76.0
Tuesday 30 April					
China	0200	Apr Non-manufacturing PMI	55.0	55	54.8
	0200	Apr Manufacturing PMI	50.5	50.8	50.5
Taiwan	0900	1Q P GDP (YoY%)	1.4	-	1.8
Thailand	0730	Mar Current Account Balance (US\$bn)	4.4	-	6.5
South Korea	0000	Mar Industrial production (MoM, SA/YoY%)	-1.7/2.5	-/-0.6	-2.6/-2.7
Wednesday 1 May					
Thailand	0500	Apr CPI (YoY%)	1.2	-	1.2
	0500	Apr Core CPI (YoY%)	0.6	-	0.6
South Korea	0100	Apr Exports (YoY%)	-7.2	-	-8.2
	0100	Apr Imports (YoY%)	-6.8	-	-6.7
	0100	Apr Trade Balance (US\$m)	5543.0	-	5206.0
Thursday 2 May					
China	0245	Apr Caixin Manufacturing PMI	51.0	51.0	50.8
India	0600	Apr Nikkei Manufacturing PMI	53.2	-	52.6
Hong Kong	0930	1Q GDP (Q) (QoQ, SA/YoY%)	-/-	-/-	-0.3/1.3
Indonesia	-	Apr CPI (YoY%)	2.5	-	2.5
	-	Apr Core CPI (YoY%)	-	-	3.0
Malaysia	0030	Apr Nikkei Manufacturing PMI	47.7	-	47.2
Taiwan	0130	Apr Nikkei Manufacturing PMI	49.5	-	49.0
Thailand	0030	Apr Nikkei Manufacturing PMI	49.9	-	50.3
South Korea	0000	Apr CPI (YoY%)	0.3	-	0.4
	0000	Apr Core CPI (YoY%)	0.7	-	0.9
	0130	Apr Nikkei Manufacturing PMI	48.2	-	48.8
Friday 3 May					
Hong Kong	0930	Mar Retail Sales Value (YoY%)	-	-	-10.1
	0930	Mar Retail Sales Volume (YoY%)	-	-	-10.4
Malaysia	0500	Mar Exports (YoY%)	1.0	-	-5.3
	0500	Mar Imports (YoY%)	-2.0	-	-9.4
	0500	Mar Trade Balance (RM bn)	16.9	-	11.1
Singapore	1400	Apr PMI	50.5	-	50.8

Source: ING, Bloomberg, *GMT

Author

Amrita Naik Nimbalkar

Junior Economist, Global Macro

amrita.naik.nimbalkar@ing.com

Mateusz Sutowicz

Senior Economist, Poland

mateusz.sutowicz@ing.pl

Alissa Lefebvre

Economist

alissa.lefebvre@ing.com

Deepali Bhargava

Regional Head of Research, Asia-Pacific
Deepali.Bhargava@ing.com

Ruben Dewitte
Economist
+32495364780
ruben.dewitte@ing.com

Kinga Havasi
Economic research trainee
kinga.havasi@ing.com

Marten van Garderen
Consumer Economist, Netherlands
marten.van.garderen@ing.com

David Havrlant
Chief Economist, Czech Republic
420 770 321 486
david.havrlant@ing.com

Sander Burgers
Senior Economist, Dutch Housing
sander.burgers@ing.com

Lynn Song
Chief Economist, Greater China
lynn.song@asia.ing.com

Michiel Tukker
Senior European Rates Strategist
michiel.tukker@ing.com

Michal Rubaszek
Senior Economist, Poland
michal.rubaszek@ing.pl

This is a test author

Stefan Posea
Economist, Romania
tiberiu-stefan.posea@ing.com

Marine Leleux
Sector Strategist, Financials
marine.leleux2@ing.com

Jesse Norcross

Senior Sector Strategist, Real Estate

jesse.norcross@ing.com

Teise Stellema

Research Assistant, Energy Transition

teise.stellema@ing.com

Diederik Stadig

Sector Economist, TMT & Healthcare

diederik.stadig@ing.com

Diogo Gouveia

Sector Economist

diogo.duarte.vieira.de.gouveia@ing.com

Marine Leleux

Sector Strategist, Financials

marine.leleux2@ing.com

Ewa Manthey

Commodities Strategist

ewa.manthey@ing.com

ING Analysts

James Wilson

EM Sovereign Strategist

James.wilson@ing.com

Sophie Smith

Digital Editor

sophie.smith@ing.com

Frantisek Taborsky

EMEA FX & FI Strategist

frantisek.taborsky@ing.com

Adam Antoniak

Senior Economist, Poland

adam.antoniak@ing.pl

Min Joo Kang

Senior Economist, South Korea and Japan

min.joo.kang@asia.ing.com

Coco Zhang

ESG Research

coco.zhang@ing.com

Jan Frederik Slijkerman

Senior Sector Strategist, TMT

jan.frederik.slijkerman@ing.com

Katinka Jongkind

Senior Economist, Services and Leisure

Katinka.Jongkind@ing.com

Marina Le Blanc

Sector Strategist, Financials

Marina.Le.Blanc@ing.com

Samuel Abettan

Junior Economist

samuel.abettan@ing.com

Franziska Biehl

Senior Economist, Germany

Franziska.Marie.Biehl@ing.de

Rebecca Byrne

Senior Editor and Supervisory Analyst

rebecca.byrne@ing.com

Mirjam Bani

Sector Economist, Commercial Real Estate & Public Sector (Netherlands)

mirjam.bani@ing.com

Timothy Rahill

Credit Strategist

timothy.rahill@ing.com

Leszek Kasek

Senior Economist, Poland

leszek.kasek@ing.pl

Oleksiy Soroka, CFA

Senior High Yield Credit Strategist

oleksiy.soroka@ing.com

Antoine Bouvet

Head of European Rates Strategy

antoine.bouvet@ing.com

Jeroen van den Broek

Global Head of Sector Research
jeroen.van.den.broek@ing.com

Edse Dantuma
Senior Sector Economist, Industry and Healthcare
edse.dantuma@ing.com

Francesco Pesole
FX Strategist
francesco.pesole@ing.com

Rico Luman
Senior Sector Economist, Transport and Logistics
Rico.Luman@ing.com

Jurjen Witteveen
Sector Economist
jurjen.witteveen@ing.com

Dmitry Dolgin
Chief Economist, CIS
dmitry.dolgin@ing.de

Nicholas Mapa
Senior Economist, Philippines
nicholas.antonio.mapa@asia.ing.com

Egor Fedorov
Senior Credit Analyst
egor.fedorov@ing.com

Sebastian Franke
Consumer Economist
sebastian.franke@ing.de

Gerben Hieminga
Senior Sector Economist, Energy
gerben.hieminga@ing.com

Nadège Tillier
Head of Corporates Sector Strategy
nadege.tillier@ing.com

Charlotte de Montpellier
Senior Economist, France and Switzerland
charlotte.de.montpellier@ing.com

Laura Straeter

Behavioural Scientist
+31(0)611172684
laura.Straeter@ing.com

Valentin Tataru
Chief Economist, Romania
valentin.tataru@ing.com

James Smith
Developed Markets Economist, UK
james.smith@ing.com

Suvi Platerink Kosonen
Senior Sector Strategist, Financials
suvi.platerink-kosonen@ing.com

Thijs Geijer
Senior Sector Economist, Food & Agri
thijs.geijer@ing.com

Maurice van Sante
Senior Economist Construction & Team Lead Sectors
maurice.van.sante@ing.com

Marcel Klok
Senior Economist, Netherlands
marcel.klok@ing.com

Piotr Poplawski
Senior Economist, Poland
piotr.poplawski@ing.pl

Paolo Pizzoli
Senior Economist, Italy, Greece
paolo.pizzoli@ing.com

Marieke Blom
Chief Economist and Global Head of Research
marieke.blom@ing.com

Raoul Leering
Senior Macro Economist
raoul.leering@ing.com

Maarten Leen
Head of Global IFRS9 ME Scenarios
maarten.leen@ing.com

Maureen Schuller

Head of Financials Sector Strategy

Maureen.Schuller@ing.com

Warren Patterson

Head of Commodities Strategy

Warren.Patterson@asia.ing.com

Rafal Benecki

Chief Economist, Poland

rafal.benecki@ing.pl

Philippe Ledent

Senior Economist, Belgium, Luxembourg

philippe.ledent@ing.com

Peter Virovacz

Senior Economist, Hungary

peter.virovacz@ing.com

Inga Fechner

Senior Economist, Germany, Global Trade

inga.fechner@ing.de

Dimitry Fleming

Senior Data Analyst, Netherlands

Dimitry.Fleming@ing.com

Ciprian Dascalu

Chief Economist, Romania

+40 31 406 8990

ciprian.dascalu@ing.com

Muhammet Mercan

Chief Economist, Turkey

muhammet.mercan@ingbank.com.tr

Iris Pang

Chief Economist, Greater China

iris.pang@asia.ing.com

Sophie Freeman

Writer, Group Research

+44 20 7767 6209

Sophie.Freeman@uk.ing.com

Padhraic Garvey, CFA

Regional Head of Research, Americas

padhraic.garvey@ing.com

James Knightley

Chief International Economist, US

james.knightley@ing.com

Tim Condon

Asia Chief Economist

+65 6232-6020

Martin van Vliet

Senior Interest Rate Strategist

+31 20 563 8801

martin.van.vliet@ing.com

Karol Pogorzelski

Senior Economist, Poland

Karol.Pogorzelski@ing.pl

Carsten Brzeski

Global Head of Macro

carsten.brzeski@ing.de

Viraj Patel

Foreign Exchange Strategist

+44 20 7767 6405

viraj.patel@ing.com

Owen Thomas

Global Head of Editorial Content

+44 (0) 207 767 5331

owen.thomas@ing.com

Bert Colijn

Chief Economist, Netherlands

bert.colijn@ing.com

Peter Vanden Houte

Chief Economist, Belgium, Luxembourg, Eurozone

peter.vandenhoute@ing.com

Benjamin Schroeder

Senior Rates Strategist

benjamin.schroeder@ing.com

Chris Turner

Global Head of Markets and Regional Head of Research for UK & CEE

chris.turner@ing.com

Gustavo Rangel

Chief Economist, LATAM

+1 646 424 6464

gustavo.rangel@ing.com

Carlo Cocuzzo

Economist, Digital Finance

+44 20 7767 5306

carlo.cocuzzo@ing.com